

Tuesday, March 9, 2010

EXCLUSIVE REPORT

New Mexico, Japan team up to share with us details of 4 projects

While other news outlets are reporting a deal between a Japanese government agency and the US state of New Mexico, the Japanese agency shared details with us alone yesterday on the identities of Japanese firms that will take part in four New Mexico smart grid projects. One look at the list reveals many names of Japanese firms that are well-known and trusted brands in the US already, and these projects will help efforts in both nations to prove the readiness of smart grid technologies to utilities and their customers plus others including the

academic interests with a stake in this fast-developing new industry.

In response to our questions, Kazuyuki Takada, a representative of Japan's New Energy & Industrial Technology Development Organization (NEDO), provided us a detailed report on the roles of the roughly 30 Japanese firms. Japanese participation in those projects inched closer to reality Friday when NEDO signed memos of understanding with five organizations, Tom Bowles, science advisor to New Mexico Gov Bill Richardson, told us yesterday.

One planned project would have been half its size without Japanese involvement and another "simply would not have happened," Bowles reported.

Despite being denied a \$59 million Smart Grid Demonstration Grant award in November (SGT, [Dec-30](#)), New Mexico persevered with a sustained effort we have reported on since its earliest days (SGT, [May-05](#)). As far as we know, New Mexico's is the only US smart grid project involving a large foreign contingent (**EDITOR'S NOTE:** Without the grant money, the ARRA "made in America" stipulations won't come into play and we don't know whether the role of Japanese firms in these projects had any bearing on the SGIG denial. At this point, with the benefits the projects plan to bring to US firms and federal labs [read on], we know of no one complaining about the arrangements).

NEDO Friday signed memos with the Los Alamos Dept of Public Utilities; Los Alamos National Laboratory; Mesa del Sol, NM, a 12,900-acre mixed-use district near Albuquerque; Public Service of New Mexico, the state's largest utility, and Sandia National Laboratories, in Albuquerque. The memos "commit those sites to provide materials and supplies. They define the responsibilities and deliverables of the Japanese and the American sides," Bowles said.

About 70 people from Japanese firms visited New Mexico last week and took part in a memo-signing ceremony Friday, complete with Buffalo Dancers from the Pojoaque Pueblo area.

NEDO sent an RFP to the Japanese firms in November, Bowles said. The agency received applications in December, reviewed them and made initial awards. Now the firms that received awards have to prepare project plans, detailing their proposed participation to NEDO, which is expected to sign contracts with the firms in late April or early May, Bowles reported.

The contracts will provide \$18 million from NEDO to the firms during the fiscal year starting April 1. An added \$12 million will be distributed over the following three

Texas regulators to soon pick independent AMI tester

The PUC of Texas will hire an independent contractor to test some of the smart meters being rolled out by Oncor in Dallas/Ft Worth, CenterPoint in Houston and AEP firms in West Texas and the Rio Grande Valley, Terry Hadley, spokesman for the PUC, told us yesterday.

Over 900,000 meters were installed in Texas in the last year, he added. The independent contractor is likely to be chosen within two weeks and once set, the number of smart meters to be tested will be determined.

"After that, the testing process can begin," and the results will be released publicly by the commission, in both a highly technical report and a consumer-friendly report, said Hadley. He cited the need for an "increase in the confidence level of the public, because this roll-out of smart meters will continue for the next few years. We want this sampling of the smart meters to be comprehensive enough to increase public understanding of smart meters and their accuracy."

Oncor deployed a large number of smart meters this winter, especially in Bell County, about half way between Dallas and Austin, he added. "There were a lot of complaints from customers with high bills that

coincided with the installation of a smart meter and the coldest winter temperatures since 1984 in Texas."

Oncor reported that people became alarmed following the recent cold snap in North Texas. Part of the confusion about bills resulted from people using inefficient electric strip heating -- "that can cost \$25/day to run on a cold day," Oncor spokesman Chris Schein told us yesterday. Also contributing were a number of snow days -- that kept people home, using up more power than usual. Some people with smart meters installed jumped to the conclusion that the meters were to blame for higher bills and some media coverage of their beefs made others start to wonder whether their meters were accurate, he added.

A year ago, Oncor was getting about 400 requests/month for meter accuracy checks. In the last couple of months, that grew by a factor of 10 to 4,000 requests/month, he added, noting that 75% of them are from people with the old, electromechanical meters and the other 1,000/month are from customers with smart meters.

Oncor installed 760,000 smart meters and about 1% of them turned out to have a smart meter swap-out problem, Schein

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fiscal years. Another \$110.6 million for the projects will come from US sources.

The first two years of the four projects will be devoted to building, installation and testing. The next two years will be devoted to operation and data collection and analysis. All 30 firms about which NEDO spoke yesterday, including the following, are likely to end up taking part in the projects:

Identities, roles revealed

- A so-called "smart house" will be deployed in Los Alamos featuring an energy-management system, 1 mw of PV, 1 mw of storage and another house with 3 kw of PV, a 20-kwh battery and heated-water energy storage. According to Takada, Kyocera will provide site coordination, the energy-management system, PV, power storage and heated-water storage. NTT Docomo, Panasonic (Matsushita) and Sharp will contribute to the energy-management system and Sharp will provide appliances. PV prediction will come from Itochu and JFE Engineering. Equipment to stabilize supply and demand will come from NEC.

- A microgrid demonstration in Los Alamos will feature the smart house plus 1 mw of PV and 1 mw of storage. The intention is to show DR and PV output fluctuation. Toshiba will coordinate the site, provide an energy-management system, predict demand and PV generation and supply communications. Hitachi will coordinate equipment installation and provide a lead battery and a power-conditioning system. Kyocera will coordinate the PV installation. NGK will supply a sodium-sulfur battery. Itochu and JFE Engineering will predict PV power generation. PLC between the house and the grid will come from NEC. Fujitsu will supply smart meter security while Mitsubishi provides antifouling coating for the PV panel.

- A microgrid demonstration in a commercial area of Albuquerque will feature a single building outfitted with an energy-management system, 100 kw of

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said. "We have found some instances where during the installation of the new meter, there essentially was a human error, a typo," involved in the reading of the old meters. "We're going to correct the error and make the customer whole."

System-wide within the ERCOT grid, the PUC has received about 600 complaints of high electric bills and the recent installation of a smart meter, Hadley said. "The main concern is the customer believes it's related to the smart meter," he said.

Oncor created a "confidence program" that involves running side-by-side meter demonstrations where electromechanical meters and smart meters will measure power use inside about 36 homes in Bell County and the Dallas-Fort Worth area. "We kicked it off today and we'll have regular updates on what all the meters are reading," Schein said yesterday.

Oncor is also sending representatives out to help customers understand their current electric bills and the histories on the homes in which they live.

The privately-owned utility, formerly an IOU called TXU, will also use in-home monitors to show about 100 customers how and where they are spending their money on power. Schein himself has spoken with customers who have been using space heaters that he noted cost \$2-5/day to run. Others are needlessly on retail, rather than residential, power plans -- but they are resistant to hearing about how they can switch to plans that could save them 30% on their power bills.

"We have this phenomenon where there's a high level of distrust among a group of customers," said Schein. "We're confident about the accuracy of those [smart] meters. We've done thousands of tests. The meter maker's done thousands of tests," all with good outcomes, he added.

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PV, a gas generation plant, fuel cells, ice thermal storage and heat storage. The plan is to show the building can achieve energy independence. A second smart house may also be involved. Meidensha, Sharp and Shimizu will coordinate the site, also providing energy-management systems, PV, a battery, heat storage and communications. Fuji Electric Systems, Tokyo Gas and Mitsubishi will supply fuel cells and a gas engine. Furukawa will provide a lead battery. Itochu and JFE Engineering will predict PV generation. Sumitomo Electric Industries and Nissin Electric will provide PLC communications.

- Research on what the projects accomplished will be managed by Accenture and Itochu. Kyocera, Fuji Electric Systems, Mitsubishi, NTT

Facilities and the Tokyo Institute of Technology will evaluate PV and the performance of gas engines and fuel cells at high altitude. About 10 different types of PV will be tested. Hitachi, Itochu and Toshiba will also take part in the data analysis.

"The commercial site in Albuquerque simply would not have happened without the Japanese involvement," Bowles said. "The Los Alamos projects would have been cut in half without them."

The Japanese wanted to do tests in New Mexico's wide-open spaces to help them set up their own smart grid. With an average of 343 days of sunshine a year, New Mexico is an outstanding solar test area, said the report.

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NARUC letter asks Geithner to resolve ARRA taxability question

NARUC Thursday asked Treasury Secretary Geithner to clarify whether grants under the Broadband Technologies Opportunities program -- created by ARRA, the source of funds for the smart grid investment and demo grant programs -- are subject to federal income tax.

"Nothing in ARRA indicates that the broadband grants are taxable," said the two-page letter, signed by

NARUC president David Coen and NARUC Telecom Chair Ray Baum. "The agencies providing grants *cannot* [emphasis copied from original version] resolve this issue. Targeted and explicit tax guidance is needed."

Treasury responded Feb 5 to a similar letter sent by NARUC in January about the smart grid grants, but the response "basically just acknowledged they got the letter,"

NARUC spokesman Rob Thormeyer told us yesterday.

The issue should be resolved by March 17, Matt Rogers, senior advisor to Energy Secretary Steven Chu for Recovery Act implementation, told us last week in an exclusive interview (SGT, [Mar-04](#)). He said on March 3 that "Treasury has finished its analysis and should be issuing guidance in the next two weeks."

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2 stories in 1 minute

DRSG's new members

include some big names: Seven firms joined the Demand Response & Smart Grid (DRSG) Coalition, the smart grid trade association said Friday. They were PLC-based smart grid gear maker/integrator/operator Ambient plus Boeing, Calmac, DR stalwart EnergyConnect, EnOcean Alliance, HVAC automation giant Johnson Controls and household-name Lockheed Martin, mentioned repeatedly in smart

grid reports and deployments as a leader in cyber security. The additions bring membership in the influential group to roughly 50.

Comverge reports

Q4 revenue boost: DR aggregator Comverge, of Norcross, Ga, posted revenues up 24%, at \$40.8 million, in its Q4 ended Dec 31. But the firm showed a quarterly net loss of \$3.9 million, or 17¢/share, compared with profits of

\$6.1 million, or 28¢/share, in fourth-quarter 2008. Full-year 2009 revenue was \$98.8 million, up 28% from 2008. The narrowed net loss for 2009 was \$31.7 million, or \$1.45/share, compared with 2008 losses of \$94.1 million, or \$4.45/share. Shares closed down 1.7% or 19¢, remaining unchanged in after-hours trading. The results "reflect great growth in tough economic conditions" and position the firm for success this year, Comverge told the press.

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Abbreviations: To see a glossary of *Smart Grid Today's* abbreviations, go to www.smartgridtoday.com/glossary.

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